

**ANNUAL REPORT
2002-2003**

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**GUJARAT RAFFIA INDUSTRIES
LIMITED**

ANNUAL REPORT 2002 - 2003



GUJARAT RAFFIA INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri Ashok Chhajer	<i>Chairman</i>
Shri Pradeep Bhutoria	<i>Managing Director</i>
Shri Arpit K. Patel	<i>Director</i>
Shri Alpesh R. Tripathi	<i>Director</i>
Shri Sanjay Jain	<i>Director</i>

AUDITORS

M/s. Talati & Talati,
Chartered Accountants,
Ahmedabad.

COMPANY LAW CONSULTANT

Kashyap R. Mehta
Company Secretary
Ahmedabad.

BANKERS

Bank of Baroda

REGISTERED OFFICE & WORKS

Plot No. 455,
Santej - Vadsar Road,
Village : Santej,
Taluka : Kalol - 382 721.
District: Gandhinagar.

OFFICE

35, Omkar House,
Near Swastik Cross Roads,
C. G. Road,
Navrangpura,
Ahmedabad - 380 009.

WORKS

1. Village : Budasan
Taluka : Kadi
District : Mehsana (N. Guj.).
2. Village : Santej
Taluka : Kalol
District : Gandhinagar

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GRI GUJARAT RAFFIA INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Members of **GUJARAT RAFFIA INDUSTRIES LIMITED** will be held as scheduled below:

Date : 27th September, 2003

Day : Saturday

Time : 12.00 Noon.

Place : At the Registered Office of the Company at:

Plot No.455, Santej-Vadsar Road, Village:Santej, Taluka:Kalol-382 721. Dist:Gandhinagar.

to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as on that date alongwith the Directors' Report and Auditors' Report thereon.
2. To appoint Director in place of Shri Alpesh R. Tripathi, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge by the Board of Director of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of Bank of Baroda to secure Financial Assistance of Rs. 400 lacs (Rupees four hundred lacs only) lent and advanced/agreed to be lent/ advanced to the Company by Bank of Baroda together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, costs, expenses and other monies payable by the Company to Bank of Baroda under the Agreement for Financial Assistance/Letter of Sanction/ Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said Financial Assistance."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Bank of Baroda the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above Resolution."

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 and Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as 'Delisting Guidelines') and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ('the Board' which term shall be deemed to include any Committee thereof), consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from The Calcutta Stock Exchange."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of Shares as it may in absolute discretion deem fit without being required to seek any further approvals of the Members or otherwise to the end and intend that the Members shall be deemed to have given their approvals expressly by the authority of this resolution."

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"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its committees or any of its directors or any of the officers of the Company to do all such acts, deeds or things to give effect to the aforesaid resolution."

Registered Office:

Plot No. 455, Santej-Vadsar Road,
Village:Santej, Taluka:Kalol-382 721.
Dist:Gandhinagar.
Date :22nd August, 2003

By Order of the Board,

Pradeep Bhutoria
Managing Director

NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Items Nos. 4 and 5 set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE INSTRUMENTS APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTER OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Friday, the 26th September, 2003 to Saturday, the 27th September, 2003 (both days inclusive).
4. Members intending to require informations about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
 - a) Intimate, if shares are held in the same name or in the same order and names, but in more than one account to enable the company to club the said accounts into one account.
 - b) Notify immediately the change in their registered address, if any, to the Company.
6. The Equity Shares of the Company are now available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE610B01016.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Items Nos. 4 and 5 of the accompanying Notice dated 22nd August, 2003 and should be taken as forming part of the notice.

In respect of Item No. 4:

The Company has been sanctioned/renewed Financial Assistance of Rs. 400 lacs (Rupees four hundred lacs only) from Bank of Baroda to meet Working Capital requirements of the Company.

As per the Sanction Letter of Bank of Baroda, the Financial Assistance are to be secured by Charge over immovable and movable properties of the Company both present and future.

Section 293(1)(a) of the Companies Act, 1956 provides inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the said Bank may be regarded as disposal of the Company's properties/undertakings. It is, therefore, necessary for the members to pass resolution under Section 293(1)(a) of the Companies Act, 1956.

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Copy of the Letter of Sanction received from Bank of Baroda and copies of the relevant documents/agreement/correspondence are open for inspection between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

In respect of Item No. 5:

In order to provide liquidity to the Shareholders and Investors, the Company's Equity Shares were listed on the Stock Exchanges at Mumbai (BSE), Ahmedabad (ASE), Calcutta (CSE) and National Stock Exchange of India Ltd. (NSE). The most of the trading in the Company's Equity Shares takes place on BSE and NSE only.

It has been observed since last few years, trading in Equity Shares of the Company on The Calcutta Stock Exchange is rare and negligible and is disproportionate to the listing fees payable by the Company to the said Stock Exchange owing to expansion of BSE and NSE. Further, the Company has been spending money on listing fees, advertisement in newspapers etc. and no particular benefit is available to the Shareholders of the Company by continuing the listing of the Equity Shares on the said Stock Exchange.

In view of the aforesaid, it is considered desirable to delist the Equity Shares of the Company from The Calcutta Stock Exchange, subject to the Company complying the various provisions of SEBI (Delisting of Securities) Guidelines, 2003 and obtaining requisite approvals, permissions and sanctions in this regard. The Company's Equity Shares, however, will continue to be listed on the ASE, BSE and NSE.

In terms of the delisting guidelines, a public announcement regarding proposed delisting will be published. The delisting will take effect only after all approvals, permissions and sanctions have been received. The exact date on which delisting will take place will be notified.

No Director is concerned or interested in the said resolution.

Registered Office:

Plot No. 455, Santej-Vadsar Road,
Village:Santej, Taluka:Kalol-382 721.
Dist:Gandhinagar.
Date :22nd August, 2003

By Order of the Board,

Pradeep Bhutoria
Managing Director

ANNUAL REPORT 2002 - 2003**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the Eighteenth Annual Report together with the Audited statement of accounts for the Financial Year 2002-03 ended on 31st March, 2003.

1. FINANCIAL RESULTS:

	2002-03	(Rs. in lacs) 2001-02
Operating Profit (before Interest and Depreciation)	157.25	190.30
Less : Interest	58.79	87.50
Profit before Depreciation	98.46	102.80
Less : Depreciation	75.08	82.85
Profit before tax	23.38	19.95
Less: Provision for Taxation	—	—
Add : Excess provision written back	—	0.23
Profit after tax	23.38	20.18
Add : Balance Brought Forward from Previous year	(508.80)	(528.98)
Balance Carried to Balance Sheet	(485.42)	(508.80)

2. DIVIDEND:

In view of the accumulated losses, the Board of Directors are unable to recommend dividend for the year under review.

3. REVIEW OF OPERATIONS:**PRODUCTION, SALES AND WORKING RESULTS:**

The production of PE Fabric/Sacks/Tarpaulin/Ropes during the year under review was 4432 M. T. against 3696 M. T. during previous year. The turnover of Fabric/Sacks/Tarpaulin etc. during the year under review was Rs. 2462 lacs as compared to Rs. 1746 lacs during 2001-02.

The Operating Profit for the year under review was Rs. 157.25 lacs compared to Rs. 190.30 lacs during 2001-02. The Net Profit for the year under review stood at Rs. 23.38 lacs compared to Net Profit of Rs. 20.18 lacs during 2001-02.

The working results of the Company were affected even increase in turnover because of pressure on profit margins of the Company, consequent to higher cost of various inputs.

4. FINANCE:

4.1 The Company's Income-tax Assessment and Sales-tax Assessments have been completed upto financial year 2000-01 and 1999-2000 respectively.

4.2 The Company is enjoying fund based and non fund based Working Capital Facilities of Rs. 400 lacs from Bank of Baroda, Kadi Branch, Kadi (North Gujarat).

5. DIRECTORS:

One of your Directors viz. Shri Alpesh R. Tripathi retires by rotation in terms of Articles 99 and 100 of the Articles of Association of the Company. He, however, being eligible offers himself for reappointment.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

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- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2003 being end of the financial year 2002-03 and of the profit of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

7. AUDIT COMMITTEE:

Pursuant to the requirement of Section 292 A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange/s, the Board of Directors have constituted 'Audit Committee' which consists the following Directors:

- i) Mr. Alpesh Tripathi Chairman of the Committee
- ii) Mr. Ashok Chajjer Member of the Committee
- iii) Mr. Sanjay Jain Member of the Committee

8. DEMATERIALISATION OF EQUITY SHARES:

With a view to facilitate holding of securities in dematerialised/ electronic form, the Shareholders of the Company have an option to dematerialise their shares with either of the depositories. The ISIN No. allotted is INE610B01016.

9. PERSONNEL:

Industrial relations continued to remain cordial and peaceful during the year under review.

10. LISTING:

The Equity Shares of the Company are listed on the Ahmedabad, Mumbai, Calcutta and National Stock Exchanges. The Company is generally regular in paying Listing Fees to the Stock Exchange/s.

The Board of Directors of the Company, subject to the approval of the Members in General Meeting, have decided to delist the Equity Shares from The Calcutta Stock Exchange.

11. CORPORATE GOVERNANCE:

As per Clause 49 of the Listing Agreement with the Stock Exchange/s, a Management Discussion & Analysis Statement, a Report on Corporate Governance together with Auditors' Certificate regarding compliance of conditions of Corporate Governance form part of the Annual Report.

12. GENERAL:

12.1 INSURANCE:

The Company's properties including building, plants, and machineries, stock, stores etc. continued to be adequately insured against risks such as fire, riots, strikes etc.

12.2 AUDITORS:

The present Auditors of the Company M/s. Talati & Talati, Chartered Accountants, Ahmedabad will retire by rotation at the ensuing Annual General Meeting. They have submitted certificate for their eligibility for reappointment under Section 224(1-B) of the Companies Act, 1956. The Notes of the Auditors to the accounts are self-explanatory.

12.3 PARTICULARS OF EMPLOYEES:

There is no employee drawing remuneration requiring disclosure under the Companies (Particulars of Employees) Rules, 1975.

12.4 DEPOSITS:

At the end of the Financial Year under Report, no fixed deposit remained unclaimed by the deposit holder which was due for repayment.

ANNUAL REPORT 2002 - 2003**13. PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988, IS AS PER ANNEXURE - I ANNEXED HEREWITH.****14. ACKNOWLEDGMENT:**

Your Directors express their sincere gratitude for the assistance and co-operation extended by Financial Institutions, Banks, Government Authorities, Shareholders, Suppliers and Customers.

Your Directors also wish to place on record their appreciation of the contribution made by the employees at their levels towards achievements of the Company's goals.

For and Behalf of the Board,

Place : Ahmedabad
Date : 22nd August, 2003

Ashok Chhajer
Chairman

ANNEXURE - I**A. CONSERVATION OF ENERGY:**

- a) Energy consumption measures taken, Additional Proposals and its impact.

The Company has installed Power factor panels so as to reduce overall power consumption.

- b) Total Energy consumption and Energy Consumption per unit of production as per Form A prescribed in the Rules is as under:

Disclosure of particulars with respect to Conservation of Energy:**A. Power and fuel Consumption**

	2002-03	2001-02
1. Electricity		
a) Purchased Unit	24,11,463	28,28,508
Total amount (Rs. in Lacs)	117.00	147.12
Rate/Unit Rs.	4.85	5.20
b) Own generation		
Through Diesel Generator Unit	13,35,041	13,97,871
Total Amount (Rs. in Lacs)	52.74	57.65
Rate/Unit Rs.	3.95	4.12
2. Coal	N. A.	N. A.
3. Furnace Oil	N. A.	N. A.
4. LSHS	N. A.	N. A.
B. Consumption per Unit of Production of HDPE Fabrics/Sacks (Kg.)	0.845	1.143

B. TECHNOLOGY ABSORPTION:

- a) The Company has not carried any Research & Development Activities during the year under Report.

- b) Activities relating to Exports, initiatives taken.

The Company exported goods worth Rs. 621 lacs which is likely to increase in the year 2003-04. The management is in active discussion with the potential customers in foreign countries.

- c) Total Foreign Exchange earned and used.

The Company has earned Foreign Exchange of Rs. 496.97 lacs by exporting its products and has spent Rs. 75.75 lacs for importing raw materials and spent Rs. 3.50 lacs for travelling expenses in the Current Year.

For and Behalf of the Board,

Place : Ahmedabad
Date : 22nd August, 2003

Ashok Chhajer
Chairman